

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AID-05 CEA-01 CIAE-00

COME-00 EA-06 FRB-03 INR-07 NEA-09 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 STR-01

/074 R

DRAFTED BY EB/OT/TA:DGRIMMER:LV

APPROVED BY ;B/OT/TA:WBARRACLOUGH

STR:ELAPP

COMM:RFRANCIS

TREAS:MCHAVES

EUR/RPE: HARDING

EUR/NE:PCANNEY

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R 202241Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY HELSINKI

USMISSION OECD PARIS

USMISSION GENEVA

INFO USMISSION EC BRUSSELS

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E.O. 11652:N/A

TAGS:ETRD, OECD, FI

SUBJECT: FINNISH IMPORT DEPOSIT AND SURCHARGE RESTRICTIONS

REF: (A) HELSINKI 570, (B) OECD PARIS 6722, (C) GENEVA 1779

1. EMBASSY HELSINKI SHOULD CONVEY TO APPROPRIATE FINNISH
OFFICIALS OUR REGRET AND CONCERN OVER THE RECENT FINNISH
IMPOSITION OF A TEMPORARY IMPORT SURCHARGE AND MOVES TOWARD
THE ADOPTION OF AN IMPORT DEPOSIT SCHEME. THESE ACTIONS ARE
IN OUR VIEW CONTRARY TO FINLAND'S OBLIGATIONS UNDER THE
OECD TRADE PLEDGE AND SHOULD, THEREFORE, BE SUBJECT TO EARLY
EXAMINATION IN THE OECD. WHILE THE US IS AWARE THAT FINLAND
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IS BESET WITH SOME ECONOMIC DIFFICULTIES NOT SPECIFICALLY

RELATED TO THE CONDITIONS SPELLED OUT IN THE OECD TRADE PLEDGE, AND WHILE WE RECOGNIZE FINNISH EFFORTS TO ADDRESS THEIR PROBLEMS ALSO WITH DOMESTIC FISCAL AND MONETARY MEASURES, WE ARE PARTICULARLY DISTURBED BY THE NEW TRADE ACTIONS SINCE AS RESTRICTIVE MEASURES AFFECTING TRADE CLEARLY IMPOSED FOR GENERAL BALANCE OF PAYMENTS PURPOSES, THEY ARE ESSENTIALLY FOR REASONS WHICH THE SIGNATORIES OF THE OECD TRADE PLEDGE AGREED WOULD NOT BE THE BASIS FOR UNILATERAL TRADE RESTRICTIVE ACTION. THEY CLEARLY RUN THE RISK, THEREFORE, OF STIMULATING SIMILAR ACTIONS BY OTHER COUNTRIES WHICH COULD ULTIMATELY LEAD TO THE SITUATION THAT THE OECD TRADE PLEDGE AND OUR OTHER EFFORTS ARE DESIGNED TO AVOID. WE BELIEVE THAT APPROPRIATE DOMESTIC DEMAND MANAGE-

MENT POLICIES TAKEN WITH STEPS TO FINANCE AN EXTERNAL PAYMENTS DEFICIT ARE THE BEST WAY TO RESOLVE THESE DIFFICULTIES.

2. MISSION GENEVA SHOULD MAKE REFERENCE TO FINNISH MEASURES IN STATEMENT AT MARCH 24 GATT COUNCIL MEETING, PRESUMABLY UNDER OTHER BUSINESS ITEM WHERE UK AND AUSTRALIAN MEASURES WILL ALSO BE RAISED. REFERENCE SHOULD BE MADE TO EXPECTATION THAT THE FINNISH MEASURES WILL BE CONSIDERED AT THE APRIL 21-25 BOP CONSULTATIONS.

3. OECD PARIS SHOULD SUPPORT SUBSTANTIVE DISCUSSION OF FINNISH MEASURES IN MARCH 25 COUNCIL MEETING. THE SURCHARGE IS ALREADY IN EFFECT. EVEN THOUGH THE EXACT DETAILS OF THE IMPORT DEPOSIT SCHEME ARE NOT AVAILABLE, THE ESSENTIAL FEATURES OF THE MEASURE, ITS POTENTIAL TRADE IMPACT AND FINNISH OBLIGATIONS UNDER THE TRADE PLEDGE ARE QUITE CLEAR AT THIS POINT AND WARRANT EARLY CONSIDERATION. AFTER THE FINNS HAVE FORMALLY NOTIFIED THE ACTIONS AND THE DETAILS OF THE IMPORT DEPOSIT SCHMENE ARE KNOWN, A MORE INTENSIVE ANALYSIS OF THE MEASURES SHOULD BE UNDERTAKEN IN THE OECD TRADE COMMITTEE, PERHAPS AFTER COUNCIL CONSIDERATION.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CUSTOMS DUTIES, TRADE, IMPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE063716
Document Source: CORE
Document Unique ID: 00
Drafter: DGRIMMER:LV
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750099-0477
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750330/aaaabbez.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 HELSINKI 570, 75 OECD PARIS 6722, 75 GENEVA 1779
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 17 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 APR 2003 by ShawDG>; APPROVED <20 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FINNISH IMPORT DEPOSIT AND SURCHARGE RESTRICTIONS
TAGS: ETRD, FI, OECD
To: HELSINKI GENEVA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006